

education in the form of Stafford Interest-Deferred Loans, Perkins Student Loans, College Work-Study programs and Supplemental Education Opportunity Grants are really the equivalent today of what those land grant colleges were 100 years ago. In order to sustain that growth into the next century that we developed in this century, in order to have the kind of productive leadership that has defined the American era, in order to extend that American era into the leadership of a redefined world, it seems to me that the last thing we need to do is to take those \$13 billion out of Americans' pockets and to give them back in the form of tax breaks that we do not need.

#### DISCUSSION OF THE TAX BILL

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio [Mr. HOKE] is recognized for 5 minutes.

Mr. HOKE. The question that I wanted to ask the gentleman was if he was aware that 39.2 percent of all Federal income tax paid is paid for by only 3.3 percent of the taxpayers, the top 3.3 percent of taxpayers pay 40 percent of the taxes?

That being the case, the numbers that you quote there, they are, you know, made to appear, and I do not know if the numbers are right on the floor. You know on the floor we see all kinds of stuff and people make averments that God only knows if they are true or not, but I will assume your chart is correct.

It only stands to reason that the people making more money are going to get more dollars back when you consider the fact that you have got 3.3 percent of all returns, all individuals paying income tax paying 40 percent of the taxes. This is the way, this is the way our system works.

The problem is that we do not have enough people at the top, if you tax them completely, if you leave them with just a, you know, a minimum wage, it still does not solve our deficit problem.

What has happened is that we have year after year after year continually eroded to a greater extent the amount of money that is being paid by middle-class working American men and women. That is the problem we have in our tax system.

Mr. SKAGGS. Mr. Speaker, will the gentleman yield?

Mr. HOKE. I yield to the gentleman from Colorado.

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Mr. SKAGGS. I think the gentleman's point begs the question. One, are we doing deficit reduction? We are not. The tax bill, as the gentleman knows, is going to bust the deficit.

Mr. HOKE. Mr. Speaker, reclaiming my time, I want to recognize the gentleman from Massachusetts [Mr. OLVER], who my good friend from Georgia [Mr. KINGSTON], borrowed a minute

from, and I want to give him back his minute, if he will take it quickly.

If not, I yield to the gentleman from Georgia [Mr. KINGSTON] while the gentleman from Massachusetts is moving to the microphone.

Mr. KINGSTON. Mr. Speaker, it is important for us to realize that lower taxes, specifically lower capital gains taxes, increase revenue, and that does not come from the Republican Party, it comes from the Congressional Budget Office. A young fellow named Steve Robinson and I spent the whole day tracking this.

This chart is busy, and it is very difficult to see it, but generally what it shows is, remember back in high school sines and cosines and that go like this: Basically when the tax revenue is high, the capital gains tax is high, and let's say the capital gains tax is low, it goes like a wave, then the tax revenues are the same thing.

At a high tax rate, the revenues are low. At a low tax rate, the revenues are high. It goes like that. There is an absolute relationship between the two. It is not voodoo economics. This actually goes back to—

Mr. HOKE. What you are saying is there is a direct correlation between raising rates and lowering revenue, lowering rates and raising revenue?

Mr. KINGSTON. That is exactly right. That is the point I was trying to make.

Mr. HOKE. Mr. Speaker, I yield to the gentleman from Massachusetts [Mr. OLVER].

Mr. OLVER. Mr. Speaker, I thank the gentleman for yielding to me.

I'm not sure how many economists or how many economics books would agree that there is a direct proportion of the nature that you have just described. I do not think there are very many of them that do.

However, it is clear that what is happening here is that \$15 billion, for instance, of the elimination of the tax, the alternate minimum tax on corporations, which you would give back \$15 billion to corporations, would be taken by the Republican proposals as \$15 billion directly from financial aid for American students, who really do cut across the middle class in this country.

Mr. HOKE. Mr. Speaker, I am going to reclaim my time. It does not answer the question, and frankly, that disinform, it confuses the public. In a word, being polite, it fogs the facts, at the very least.

Mr. Speaker, I want to quote a very famous American, and I'm not going to say who it is, but I want to quote some of the things that he said in the not very distant past at all.

First of all, he had said "Our present system exerts too heavy a drag on growth. It siphons out of the private economy too large a share of personal and business purchasing power. It reduces the financial incentives for personal effort, investment, and risk-taking."

He goes on to say "Our tax rates are so high as to weaken the very essence of the progress of a free society, the incentive for additional return, for additional effort." Then he says "I am confident that the enactment of the right tax bill will in due course increase our gross national product by several times the amount of taxes actually cut."

Who was this unrepentant supply-sider? Who was it? Jack Kennedy. That is who it was. He knew that by reducing tax rates, you increase revenue.

#### THE TRUTH ABOUT THE BUDGET AND TAX CUTS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas [Ms. JACKSON-LEE] is recognized for 5 minutes.

Ms. JACKSON-LEE. Mr. Speaker, I am really taking the time because I think that, beyond the comments about jewels and gold and crowns, we have a very important obligation to the American people really to take our reasonable time to be reasonable, to let you understand the facts.

I know there have been a lot of cross signals, a lot of rebutting of what the tax cut really means, but I would simply like to suggest that all of us of reasoned mind can argue about Social Security and the exemptions that may be proposed in this particular tax legislation, and the value of it.

My question becomes: What is the rush? Because as we look at what can help senior citizens, and I certainly have supported programs to improve the conditions of senior citizens, and to ensure that the maximum income that they may earn as working senior citizens goes into the maintenance of their quality of life, but that is not really the issue. We've got a murky water here, muddy waters, if you might.

First of all, no one will acknowledge that the revenue being reduced by this tax cut, without the Democratic alternative, is some \$650 billion over 10 years. Many of you would listen to that number and begin to say "Well, it's way beyond my comprehension."

What is not beyond your comprehension, however, is the necessity for me to assure you that your grandchildren will not have a deficit so overwhelming that they will have no quality of life.

The importance when I speak to working people in my district, they are true Americans, they are patriots, because they believe in this Nation. They want us to be prepared militarily. They want to have the opportunities for affordable housing for their citizens. They want to make sure that those young people seeking an opportunity can do work study and college loans, but yet, rather than giving them those opportunities, we are burdening them with a deficit that is so overwhelming it is incomprehensible.

Let me explain to you again, as I had the opportunity to talk to the gentleman from Illinois, I like the idea of a child tax credit, because every child